

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

S P — 3 9 1

2. STATE:

Delaware

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2002

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ -0-

b. FFY 2003 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

ATTACHMENT 4.19-B

Pages 3, 6, 6a, 6b, 10, 19, and 20

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

ATTACHMENT 4.19-B

Pages 3, 6, 6a, 6b, 10, 19, and
20

10. SUBJECT OF AMENDMENT:

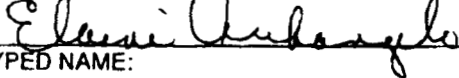
The purpose of these amendments is to change the reimbursement methodology for
services impacted by HIPAA.

11. GOVERNOR'S REVIEW (Check One):

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:Governor's comments to follow
under separate correspondence.

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Elaine Archangelo, Director, DSS

14. TITLE: Designee for Vincent P. Meconi

Secretary, Delaware Health and Social Services

15. DATE SUBMITTED:

060602 (14)

16. RETURN TO:

Elaine Archangelo

Director

Division of Social Services

P.O. Box 906

New Castle, Delaware 19720-0906

17. DATE RECEIVED:

June 11, 2002

18. DATE APPROVED:

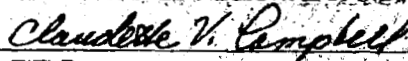
July 26, 2002

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2002

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Claudette V. Campbell

22. TITLE:

Associate Regional Administrator, DMSO, CMS

23. REMARKS:

CURRENT STATE PLAN

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: DELAWARE

ATTACHMENT 4.19-B

Page 3

Extended Services to Pregnant Women will be reimbursed at a negotiated hourly rate for individual services.

TN No. SP-261

Supersedes

TN. No. NEW

Approval Date February 7, 1989

Effective Date July 1, 1988

NEW STATE PLAN

ATTACHMENT 4.19-B
Page 3

Extended Services to Pregnant Women will be reimbursed at a unit rate for individual services.

TN No. SP-391

Supersedes

TN. No. SP- 261

Approval Date _____

Effective Date July 1, 2002

CURRENT STATE PLAN

ATTACHMENT 4.19-B

Page 6

I. GENERAL PROVISIONS

A. Purpose

This plan establishes a reimbursement system for Home Health services, including skilled nursing, therapies, and home health aide services. This system complies with federal requirements, including the requirement that Medicaid payments in the aggregate do not exceed what would have been paid by Medicare based on allowable cost principles.

B. Reimbursement Principles

1. Providers of Home Health services shall be reimbursed prospectively determined rates based on costs reported by each agency.
2. Skilled Nursing and Therapy services shall be reimbursed per visit. Home Health Aide services shall be reimbursed per hour.
3. Providers will be reimbursed prospectively the lower of their Usual and Customary charge or the rate.

II. RATE DETERMINATION

A. Cost Determination

1. Prospective rates for skilled nursing, therapies, and home health aide services will be computed from annual provider certified cost report data. Reimbursable costs are those allowable costs based on Medicare principles in accordance with HIM15, and subject to caps and ceilings determined by Delaware Medicaid.
2. Prospective rates will not exceed the Medicare rate limitation for the same services. Costs applicable to Home Health services shall not exceed the lowest cost of comparable services purchased elsewhere. The cost report used in the rate calculation will represent the most recent State audited provider fiscal year.

TN No. SP-333

Supersedes

TN No. SP-272

Approval Date December 20, 1993

Effective Date July 1, 1993

B. Rate Calculation

Skilled nursing, therapies, and home health aide services shall be reimbursed according to the cost of care determined prospectively up to a calculated ceiling. The total costs reported by each agency for each discipline will be divided by the number of visits to determine the average cost per visit. The inflated average cost per visit of each agency will be arrayed by discipline, and the ceiling set at the 75th percentile of this array.

C. Supply Costs

Supply costs will be reimbursed as part of the skilled nursing and home health aide prospective rates. The total cost of supplies as reported by each agency is divided by the sum of the skilled nursing visits and aide visits to determine the average supply cost per visit. The average supply costs per visit for each agency is arrayed, and a ceiling set at the 75th percentile of this array. The average supply cost of each agency, up to the ceiling, is added to the prospective rate for skilled nursing services. The average supply cost of each agency is multiplied by that agency's home health aide hours per visit ratio to determine the average supply cost per hour, and added to the prospective rate for home health aides.

D. Administrative and General Costs

Delaware Medicaid will not consider in the rate calculation administrative and general costs, which exceed 40% of the total reported costs in each discipline. Total costs for each discipline will be capped before the costs are arrayed to determine the 75th percentile ceiling. The rate year from July 1, 1993 to June 30, 1994 will be considered a "hold harmless" period for the Administrative and General cost cap only.

TN No. SP-333

Approval Date December 20, 1993

Supersedes

TN No. SP-272

Effective Date July 1, 1993

III. RATE REVIEW

A. Rebase of Cost Data

The prospective rates will be calculated and ceilings will be rebased every three years using the most recent audited provider cost reports. The rates and the ceilings will be inflated in interim years.

B. New Agencies

1. "New agencies" are home health providers, which newly enroll in Medicaid after the last rate calculation. They may be newly operational and unable to document 12 months of operational costs, or be existing agencies, which newly enroll with Medicaid.
2. New agencies with a year or more experience are required to submit an audited cost report at the time of enrollment. If the initial report representing a full year of operational costs is submitted in an interim year, the agency will be reimbursed their inflated reported costs, up to the inflated ceiling.
3. If the agency has not been operational for a full year, they must submit a report of estimated costs. These agencies will be reimbursed the lower of their estimated costs or the ceiling for each discipline for the first year until they submit a cost report representing a full year of operation. An average cost per visit, or average cost per hour for home health aide, will be calculated from the initial cost report.

TN No. SP-333
Supersedes

TN No. SP-272

Approval Date December 20, 1993

Effective Date July 1, 1993

NEW STATE PLAN

ATTACHMENT 4.19-B

Page 6

I. ~~GENERAL PROVISIONS~~

A. Purpose

~~This plan establishes a reimbursement system for Home Health services, including skilled nursing, therapies, and home health aide services. This system complies with federal requirements, including the requirement that Medicaid payments in the aggregate do not exceed what would have been paid by Medicare based on allowable cost principles.~~

B. Reimbursement Principles Home Health Services

1. Providers of Home Health services shall be reimbursed prospectively determined rates ~~based on costs reported by each agency~~ according to standard HCPCS definitions.
2. ~~Skilled Nursing and Therapy services shall be reimbursed per visit. Home Health Aide services shall be reimbursed per hour.~~
3. ~~2.~~ Providers will be reimbursed prospectively reimbursed the lower of their Usual and Customary charge or the Medicaid rate.

II. ~~RATE DETERMINATION~~

A. Cost Determination

1. ~~Prospective rates for skilled nursing, therapies, and home health aide services will be computed from annual provider certified cost report data. Reimbursable costs are those allowable costs based on Medicare principles in accordance with HIM15, and subject to caps and ceilings determined by Delaware Medicaid.~~
2. ~~Prospective rates will not exceed the Medicare rate limitation for the same services. Costs applicable to Home Health services shall not exceed the lowest cost of comparable services purchased elsewhere. The cost report used in the rate calculation will represent the most recent State audited provider fiscal year.~~

TN No. SP-391

Supersedes

TN No. SP-333

Approval Date _____

Effective Date July 1, 2002

CURRENT STATE PLAN

ATTACHMENT 4.19-B

Page 10

DELAWARE RATES FOR PRIVATE DUTY NURSING

Private Duty Nursing Services, whether performed by a provider located in Delaware or a provider with an out-of-state location are reimbursed at a capped hourly rate with weekly maximum dollar limit per client, as set by the Delaware Medicaid Program. The hourly rates are reviewed whenever a rate increase is requested by a provider, but no more frequently than annually, by conducting a survey of agencies that provide private duty nursing services and capping the rate at the lowest level available of these prevailing rates. The weekly maximum dollar limit is derived by multiplying the capped hourly rate by the minimum number of hours necessary to maintain the client in the home as an alternative to institutionalization, but not to exceed eight (8) hours daily.

TN No. SP-280

Supersedes

TN No. NEW

Approval Date October 10, 1990

Effective Date July 1, 1990

CURRENT STATE PLAN

ATTACHMENT 4.19-B
Page 19

Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Services are reimbursed as follows:

1. Screening services - fee-for-service.
2. Treatment services - fee-for-service.
3. Dental Treatment - flat fee per year per child to Division of Public Health or a percentage of charges for routine dental services provided in a private dentist's office.
4. Specialized Dental Services - fee-for-service approved through DPH or a percentage of charges if provided directly by a private dentist.
5. Non-State Plan Services

Reimbursement for services not otherwise covered under the State Plan is determined by the Medicaid agency through review of a rate setting committee. Non-institutional services are paid on a fee-for-service basis using existing or locally assigned HCPCS codes. Institutional services are per diem rates based on reasonable costs. These services include:

- a. Prescribed Pediatric Extended Care - see ATT. 4.19-B, Page 7
- b. Inpatient and Partial Hospital Psychiatric Services - reimbursed on a per diem basis
- c. Outpatient Psychiatric Facility Services - fee-for-service
- d. School-based Health Services - fee-for-service
- e. Mental Health and Drug/Alcohol Rehabilitation Services:
 - Institutional - per diem
 - Non-Institutional - fee-for-service or, if managed by the Department of Services for Children, Youth and Their Families' Division of Child Mental Health, bundled rates (see ATTACHMENT 4.19-B, Page 19 Addendum)

TN No. SP-369
Supersedes
TN No. SP-367

Approval Date 7/1/97
Effective Date 4/1/97

NEW STATE PLAN

ATTACHMENT 4.19-B

Page 19

Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Services are reimbursed as follows:

1. Screening services - fee-for-service.
2. Treatment services - fee-for-service.
3. Dental Treatment - reimburse a percentage of charges for routine dental services.
4. Specialized Dental Services - reimburse a percentage of charges for routine dental services.
5. Other EPSDT Services

Reimbursement for services not otherwise covered under the State Plan is determined by the Medicaid agency through review of a rate setting committee. Non-institutional services are paid on a fee-for-service basis. Institutional services are per diem rates based on reasonable costs. These services include:

- a. Prescribed Pediatric Extended Care - see ATT. 4.19-B, Page 7
- b. Inpatient and Partial Hospital Psychiatric Services - reimbursed on a per diem basis
- c. Outpatient Psychiatric Facility Services - fee-for-service
- d. School-based Health Services - fee-for-service
- e. Mental Health and Drug/Alcohol Rehabilitation Services:
 - Institutional - per diem
 - Non-Institutional - fee-for-service or, if managed by the Department of Services for Children, Youth and Their Families' Division of Child Mental Health, bundled rates (see ATTACHMENT 4.19-B, Page 19 Addendum)

TN No. SP-391
Supersedes
TN No. SP-369

Approval Date _____
Effective Date July 1, 2002

CURRENT STATE PLAN

ATTACHMENT 4.19-B

Page 20

Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Service-

5. Non-State Plan Services-(cont)

- f. Assistive Technology - fee-for-service
- g. Orthotics and Prosthetics - fee-for-service
- i. Any other medical or remedial care provided by licensed medical providers - fee-for-service
- j. Any other services as required by §6403 of OBRA '89 as it amended §1902(a)(43), 1905(a)(4)(b) and added a new §1905(r) to the Act will be reimbursed as determined by the rate setting committee

TN No. SP-298

Supersedes

TN No. NEW

Approval Date Dec 10, 1993

Effective Date April 1, 1991

NEW STATE PLAN

ATTACHMENT 4.19-B

Page 20

Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Service-

5. Other EPSDT Services-(cont)

- f. Assistive Technology - fee-for-service
- g. Orthotics and Prosthetics - fee-for-service
- h. Private Duty Nursing in excess of 8 hours per day with prior authorization - fee-for-service
- i. Any other medical or remedial care provided by licensed medical providers - fee-for-service
- j. Any other services as required by §6403 of OBRA '89 as it amended §1902(a)(43), 1905(a)(4)(b) and added a new §1905(r) to the Act will be reimbursed as determined by the rate setting committee

TN No. SP-391

Supersedes

TN No. SP-298

Approval Date _____

Effective Date July 1, 2002